

**Policy Name:** Asset Capitalization  
**Originating/Responsible Department:** Financial Services  
**Approval Authority:** Vice-President, Finance and Administration  
**Date of Original Policy:** April 2009  
**Last Updated:** April 2025  
**Mandatory Revision Date:** April 2030  
**Contact:** Associate Vice-President, Financial Services

## **POLICY**

Capital assets are recorded at cost. As a general rule, cost includes the purchase price and other acquisition costs such as installation costs, freight charges, transportation, taxes and duties. For a donated capital asset, cost is considered to be the fair value at the date of donation. Fair value may be estimated using market or appraisal values. The department of Advancement should be contacted when donated capital assets are received.

Costs incurred to enhance and extend the useful life of a capital asset are considered to be an improvement and shall be capitalized. Costs that do not fit this criterion, despite the cost, will be considered an expense in the year incurred.

Capital Assets will be capitalized based on the following classifications and thresholds.

<u><b>Fixed Asset Class</b></u>	<u><b>Minimum Amount</b></u>
Land	n/a
Services & Improvements	\$ 500,000*
Buildings	\$ 500,000*
Alterations & Improvements per project/per building	\$ 500,000*
Other Building Improvements per project/per building	\$ 500,000*
Leasehold Improvements per lease	\$ 50,000
Vehicles & Rolling Stock	\$ 10,000
Library Holdings	n/a
Equipment & Furniture	\$10,000
Computer Equipment	\$ 10,000
Software**	\$ 10,000
Artwork	n/a

\*Costs in excess of this will not necessarily be capitalized if the nature of the expense is purely maintenance and does not extend the useful life. The Controller, in consultation with the Director, Administrative Service in Facilities, Management & Planning (FMP), will determine if capitalization is appropriate on a project-by-project basis.

**\*\* The software license must be a perpetual license.**

Capital assets will be amortized according to the following rates based on useful life. In accordance with CPA Canada Standards Section 4433 the cost of a capital asset made up of significant separable component parts will be allocated to the component parts for purposes of amortization. A full year of amortization will be taken in the year the asset is put into use. In the year of disposal, no amortization will be taken.

<u>Fixed Asset</u>	<u>Amortization Period</u>
Base Building (shell)	40 years
Site Services	40 years
Building Systems	25 years
Roofing	25 years
Interior construction / fit ups	20 years
Cogeneration Facility	20 years
Leasehold improvements per lease	5 years
Vehicles	5 years
Library Holdings	10 years
Equipment and Furniture	10 years
Computer Equipment	4 years
Software	4 years
Artwork	n/a

The following fully amortized assets will be written off in the year following full amortization:

Vehicles  
Library Holdings  
Equipment and Furniture  
Computer Equipment  
Software

## **PURPOSE**

The purpose of this policy is to define a capital asset and the management thereof, including proper recognition and measurement within the accounts of the University.

## **SCOPE**

This policy applies to all assets purchased from operating, capital or restricted funds, except where funding agencies have specific regulations regarding capitalization. In those cases, capital asset costs will not be capitalized for financial reporting purposes.

## **PROCEDURE**

Capital assets purchased with regular operating or research funds must be charged to the purchaser's Fund and Organization, using the appropriate account code:

- 723100 - Equipment over \$10,000 (excluding computer related equipment)
- 723101 – Furniture over \$10,000
- 723102 – Computer Equipment over \$10,000
- 723103 – Computer Software over \$10,000
- 723104 – Automobiles and related vehicles over \$10,000

Purchases of the above items below the minimum amount of \$10,000 do not meet capitalization criteria and should be charged to an account code 723000.

Throughout the fiscal year charges to capital equipment accounts will be reviewed by Financial Services and relevant backup will be gathered for audit purposes. At year end, the total capital purchases will be removed from the University's operating statement and added to the value of capital assets. In its place, an amortization of capital asset costs will be charged to the University's operating statement.

Capital assets, other than equipment, that are obtained through projects managed by Facilities, Maintenance & Planning, are handled through the following steps:

- Project control sheets are prepared by the Director- Administrative Services, FMP, outlining the nature of the project, total project cost by category (construction, project management fees, equipment, telecommunications, etc.), and funding sources. If the project meets the criteria for capitalization, the project type will be noted as 'Capital' on the control sheet.
- Project control sheets are forwarded to Financial Services, who also review them for possible capitalization criteria and flags such as follow-up upon completion or yearend.
- At year end or completion date, projects that have been identified for capitalization will be reviewed again by the Director, FMP and the Controller to ensure capitalization criteria have still been met.
- Capital assets are then removed from the operating statement of the University and charged to the appropriate asset account on the balance sheet. Amortization of these costs will be charged to the operating ledger in accordance with the chart noted above.
- Components for amortization purposes will be determined by Facilities Management and Planning based on the project contract and progress billings.

## **CONTACTS**

Associate Vice-President, Financial Services

Director, Administrative Services, Facilities, Maintenance & Planning